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No. 98-2004

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IN THE
SUPREME COURT OF THE UNITED STATES

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.

Petitioner

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT

Respondent

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

MOTION FOR LEAVE TO FILE AND BRIEF OF REVLON CONSUMER PRODUCTS CORPORATION, WARNER-LAMBERT COMPANY, DEERE & COMPANY, NEWSWEEK, INC., BACARDI & COMPANY LIMITED, H-D MICHIGAN, INC., BENETTON GROUP, S.p.A., DISNEY ENTERPRISES, INC., THE PROCTOR & GAMBLE COMPANY, BANK OF AMERICA CORPORATION, AND PUBLIC BROADCASTING SERVICE AS AMICI CURIAE IN SUPPORT OF GRANT OF PETITION FOR WRIT OF CERTIORARI

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Revlon Consumer Products Corporation, Warner-Lambert Company, Deere & Company, Newsweek, Inc.,

Bacardi & Company Limited, H-D Michigan, Inc., Benetton Group, S.p.A., Disney Enterprises, Inc., The Proctor & Gamble Company, Bank of America Corporation, and Public Broadcasting Service (the "Trademark Owners") hereby seek leave pursuant to Supreme Court Rule 37.2 to file the attached brief *amici curiae* in support of the petition for writ of certiorari filed by Ringling Bros.-Barnum & Bailey Combined Shows, Inc. Petitioner has consented and Respondent has not consented to the filing of this brief.*

The decision in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999), presents the question of whether the owner of a famous trademark must prove actual economic harm to the selling power of that mark in order to obtain injunctive relief under the Federal Trademark Dilution Act, codified at § 43(c) of the Federal Trademark Act, 15 U.S.C. § 1125(c) ("FTDA"). As the owners of famous marks, the Trademark Owners have a substantial interest in insuring they are not required to prove more than the FTDA requires when seeking injunctive relief against parties that are diluting their marks.

The Trademark Owners believe that their participation as *amici curiae* will provide the Court with a broader perspective on, and a greater understanding of, the harmful effect to the owners of famous marks if the injunctive standard announced by the Fourth Circuit is allowed to stand. Accordingly, the Trademark Owners

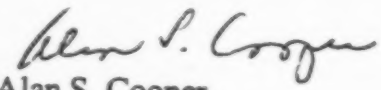
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* A true copy of a letter, dated July 13, 1999, from counsel for Petitioner is submitted herewith.

respectfully seek leave to file the attached amici curiae brief supporting Petitioner.

Dated: July 14, 1999

Respectfully submitted,



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QUESTION PRESENTED

Amici Curiae, Revlon Consumer Products Corporation, Warner-Lambert Company, Deere & Company, Newsweek, Inc., Bacardi & Company Limited, H-D Michigan, Inc., Benetton Group, S.p.A., Disney Enterprises, Inc., The Proctor & Gamble Company, Bank of America Corporation, and Public Broadcasting Service will address the following question presented by the decision in *Ringling-Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999):

> Whether Congress, in passing the Federal Trademark Dilution Act ("FTDA"), intended to require the owner of a famous trademark to prove actual economic harm to the selling power of that mark in order to obtain injunctive relief under the FTDA?

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INTEREST OF AMICI CURIAE[1]

Each of the following businesses owns famous federally registered trademarks which are adversely affected

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[1] Pursuant to Supreme Court Rule 37.6, the Trademark Owners hereby state that no counsel for a party has authored this brief in whole or in part, and that no person or entity other than the Trademark Owners has made a monetary contribution to the preparation or submission of the brief *amici curiae*.

by the Fourth Circuit's decision that liability under the FTDA[2] requires proof that the defendant's conduct causes actual economic harm to the selling power of the famous mark:

(1) Revlon Consumer Products Corporation, a Delaware corporation, is the owner of the famous mark REVLON for cosmetics.

(2) Warner-Lambert Company, a Delaware corporation, is the owner of the famous mark LISTERINE for antiseptic medical preparations.

(3) Deere & Company, a Delaware corporation, is the owner of the famous mark JOHN DEERE & Leaping Deer Design for agricultural, construction, and lawn and garden equipment.

(4) Newsweek, Inc., a New York corporation, is the owner of the famous mark NEWSWEEK for a weekly magazine.

(5) Bacardi & Company Limited, a Liechtenstein corporation, is the owner of the famous mark BACARDI for alcoholic beverages.

(6) H-D Michigan, Inc., a Michigan corporation, is the owner of the famous mark HARLEY-DAVIDSON for motorcycles.

(7) Benetton Group, S.p.A., an Italian corporation, is the owner of the famous mark BENETTON for apparel and related retail store services.

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[2] The FTDA is codified as § 43(c) of the Federal Trademark Act, 15 U.S.C. § 1125(c), and is sometimes hereinafter referred to as "§ 43(c)."

(8) Disney Enterprises, Inc., a Delaware corporation, is the owner of the famous mark DISNEY for entertainment services and products.

(9) The Proctor & Gamble Company, an Ohio corporation, is the owner of the famous mark TIDE for laundry detergent and other famous marks.

(10) Bank of America Corporation, a Delaware corporation, is the owner of the famous mark BANK OF AMERICA for financial services.

(11) Public Broadcasting Service, a District of Columbia non-profit corporation, is the owner of the famous mark PBS for television programs and other entertainment and educational services.

It is believed that the participation of these owners of famous trademarks, which have a vital interest in correct application of the FTDA, will provide the Court with a broader perspective and a greater understanding of the harmful effect of the Fourth Circuit's fundamentally erroneous decision on the protection of famous trademarks.

SUMMARY OF ARGUMENT

Ringling Bros. holds that to obtain injunctive relief under the FTDA, the owner of a famous trademark must show that the diluting use has caused actual, present harm to the economic value of that mark. That decision is in error because the harm caused by dilution is a gradual erosion of a famous mark's commercial magnetism which results when it is used on an increasing number of commercially unrelated products. As the harm stems from the cumulative effect of these unrelated uses, proving actual, present harm in a given case is extremely difficult. Moreover, by the time the owner of the famous mark can establish the requisite harm, the

economic value of the famous mark already will have been irreparably diminished.

Requiring proof of actual, present harm directly contravenes the legislative intent in enacting the FTDA -- to provide greater protection to famous marks than is afforded by the infringement provision in § 32(1) of the Federal Trademark Act, 15 U.S.C. § 1114(1). To obtain an injunction against infringement, the trademark owner need only establish that the defendant's use results in a likelihood of confusion. Once a likelihood of confusion is shown, the required element of irreparable injury is presumed and proof of actual harm is not required. By requiring a trademark owner to show actual, present harm before enjoining a diluting use of the famous mark, the *Ringling Bros.* decision frustrates the intended purpose of the FTDA by making it more difficult to obtain relief against dilution than infringement. Moreover, the actual harm requirement is inconsistent with the basic remedial principle of trademark law that a showing of a likelihood of economic harm rather than actual economic harm is sufficient to warrant injunctive relief.

For all of these reasons, certiorari should be granted to reverse an erroneous opinion which deprives the owners of famous trademarks of needed protection against dilution. Alternatively, if Respondent now asserts a claim of sovereign immunity because it is a state agency, the Court should grant certiorari and vacate and remand the Fourth Circuit's decision for further consideration in light of three recent decisions dealing with the issue of sovereign immunity under the Eleventh Amendment.

ARGUMENT

THE FOURTH CIRCUIT'S HOLDING THAT PROOF OF ACTUAL ECONOMIC HARM IS REQUIRED TO ESTABLISH TRADEMARK DILUTION FRUSTRATES THE CONGRESSIONAL INTENT IN ENACTING THE FTDA, UNDERMINES THE CONCEPT OF DILUTION, AND IS INCONSISTENT WITH BASIC TRADEMARK PRINCIPLES.

The Fourth Circuit concluded that the FTDA is intended to provide relief only where the defendant's conduct has caused actual, present harm to the economic value of a famous trademark as a product-identifying and advertising agent, i.e., its selling power. 170 F.3d at 453.[3] This conclusion frustrates the Congressional intent in enacting the FTDA, undermines the concept of dilution, and is inconsistent with basic remedial principles of the Federal Trademark Act. For all of these reasons, certiorari should be granted not only to resolve the conflict between the circuits,[4]

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[3] The Fourth Circuit rejected the alternative theory of protection based on the gradual erosion of the distinctiveness of the famous mark because the language of § 43(c) speaks in terms of "dilution" as distinguished from the various state trademark dilution statutes which express the same concept as a "likelihood of dilution." However, that distinction is unwarranted because "dilution" was defined by Congress in § 45 of the Federal Trademark Act, 15 U.S.C. § 1127, as the "lessening of the *capacity* of a famous mark to identify and distinguish . . . ." (emphasis supplied). Thus, § 45 incorporates a probability test into the definition of dilution which makes the omission of the words "likely to dilute" meaningless. *See* J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:90 at 24-142 – 24-143 (4th ed. 1998).

[4] The conflict between the Fourth Circuit's decision and the decisions of the other Federal Courts of Appeal is clearly stated at pp. 13-19 of the petition and need not be repeated.

but to provide guidance in correctly interpreting this very significant new provision in the Federal Trademark Act which affords needed protection to famous trademarks.

I. THE FOURTH CIRCUIT'S DECISION FRUSTRATES THE INTENT OF CONGRESS IN ENACTING THE FTDA

Congress was motivated to enact the FTDA by the recognition that even in the absence of likelihood of confusion, "the potency of a [famous] mark may be debilitated by another's use . . . ." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N 1029. Thus, the FTDA was designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark even in the absence of likelihood of confusion such as, for example, KODAK pianos. 141 CONG. REC. H14317-01 (1995). The need to enact the FTDA arose from the Congressional awareness that the law of infringement does not afford protection against an adverse use which blurs the distinctiveness of a famous mark but does not result in any likelihood of confusion. For that reason, the concept of dilution is defined by § 45 of the Act in terms of lessening the capacity of a famous trademark to identify and distinguish the trademark owner's goods or services even in the absence of likelihood of confusion or competition between the parties.

By defining dilution without regard to likelihood of confusion or competition between the parties, it is obvious that Congress intended that the FTDA would provide greater protection to famous marks than is afforded to marks generally under the concept of infringement. That greater protection, however, is emasculated by the Fourth Circuit's requirement that actual, present, measurable economic harm to the selling power of the famous mark must be established in order to grant injunctive relief against dilution under § 43(c). Moreover, as discussed below, the requirement of

showing actual, present economic hardship is fundamentally inconsistent with basic principles of trademark protection which long antedate the concept of dilution.

II. THE FOURTH CIRCUIT'S DECISION UNDERMINES THE CONCEPT OF TRADEMARK DILUTION

A trademark is defined in terms of the functions it performs in the world of commerce; it identifies the goods or services of one business and distinguishes them from the goods or services of another. *See Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-66 (1995); Federal Trademark Act § 45, 15 U.S.C. § 1127. A famous trademark is one which performs those functions in a virtually singular fashion. For example, the famous trademark COKE is perceived as identifying "a single thing coming from a single source." *Coca-Cola Co. v. Koke Co. of America*, 254 U.S. 143, 146 (1920).

Because it is so highly recognized, a famous trademark immediately conveys important information to the consumer about the product's characteristics, qualities and performance. That information enhances the ability of consumers to make informed purchasing decisions. *See Qualitex Co.*, 514 U.S. at 163-64. The value of that symbol in inducing consumers to select those products which have performed satisfactorily in the past results in a commercial magnetism having great value to the trademark owner. *See Mishawaka Rubber & Woolen Mfg. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). It is these valuable attributes, typically generated by many years of producing exemplary products, which warrant the expanded protection Congress intended to afford to famous trademarks under the FTDA.

The harm caused by dilution is the gradual erosion of the commercial magnetism of a famous mark which results when that mark, or a variation thereof, is used by others on a

progressively increasing number of commercially unrelated products. *See McCarthy on Trademarks and Unfair Competition, supra,* § 24:94 at 24-161 ("Like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one."). Thus, for example, the marketing and sale of REVLON furniture followed by the successive use of REVLON for other non-competitive products such as cameras, lighting fixtures, clocks, beverages, tires and computers inevitably will diminish the capacity of that famous mark to identify cosmetics. However, by requiring a showing of actual economic harm to enjoin even the first of these diluting uses, the Fourth Circuit essentially is demanding proof of the cumulative effect of these successive diluting uses. That requirement undermines the basic concept of dilution which is to prevent the progressive dimunition of the distinctiveness of famous trademarks.

As the Fourth Circuit recognized,[5] proving the requisite actual economic harm caused by the defendant's conduct is very difficult. That difficulty is compounded when a vigilant trademark owner seeks to enjoin the first or second diluting use. Equally important, if the owner of a famous trademark cannot establish actual economic harm until after the full effect of the successive diluting uses has occurred, injunctive relief will be ineffective to restore the lost value of the mark.[6]

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5 170 F.3d at 464.

6 Although the FTDA provides for the recovery of compensatory damages in the case of willful dilution, that remedy also would be meaningless because of the difficulties in calculating the value of the lost selling power and assessing those damages against the various entities responsible for the successive diluting uses.

III. THE FOURTH CIRCUIT'S DECISION IS INCONSISTENT WITH BASIC REMEDIAL PRINCIPLES OF THE FEDERAL TRADEMARK ACT

Section 34 of the Federal Trademark Act, 15 U.S.C. § 1116, empowers the Federal Courts to enjoin violations of federally registered marks. The irreparable injury required to support the grant of an injunction against an infringing use flows from the predicate finding that use of defendant's mark is likely to cause confusion. *E.g., Lone Star Steakhouse & Saloon v. Alpha of Va.*, 43 F.3d 922, 939 (4th Cir. 1995); *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1092 (7th Cir. 1988).[7] Thus, irreparable injury is presumed where there is a finding of likelihood of confusion. *E.g., General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622 (8th Cir. 1987). Proof of actual confusion is not required. *E.g., E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1529-30 (11th Cir. 1985); *Fleishmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 159 n. 13 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963).

Section 35 of the Federal Trademark Act, 15 U.S.C. § 1117, provides for monetary relief in the case of infringement.[8] However, an award of damages typically involves difficult issues of proof, including the amount of the

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[7] The injury to the trademark owner resulting from likelihood of confusion, by its very nature, is not susceptible of adequate measurement for remedy at law and therefore is irreparable. *See, e.g., Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852 (7th Cir. 1982); *Professional Golfers Ass'n v. Bankers Life & Cas. Co.*, 514 F.2d 665 (5th Cir. 1975).

[8] The specific remedies provided for in § 35 are an award of the compensatory damages sustained by the plaintiff, an accounting of the defendant's profits attributable to the infringement, and an award of reasonable attorneys' fees to the prevailing party in an exceptional case.

damages sustained by the plaintiff, a showing that those damages were proximately caused by the infringing use, and some element of bad faith or wrongful intent on the part of the defendant. *See Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 916-21 (Fed. Cir. 1984); *Restatement (Third) of Unfair Competition*, § 36, cmts. h. and i., at 3884 (1995). For these reasons, an injunction alone often is fully adequate to satisfy the equities of the case. *E.g.*, *Champion Spark Plug Co. v. Sanders*. 331 U.S. 125, 130 (1947);[9] *Valmor Products Co. v. Standard Products Corp.*, 444 F.2d 200, 204 (1st Cir. 1972). Thus, the principal remedy for trademark infringement is an injunction which will be granted upon a showing of a likelihood of confusion that the defendant's products emanate from or are sponsored by the plaintiff. *E.g., Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d 187, 196-97 (3d Cir. 1990); *Church of Scientology Int'l v. Elmira Mission of the Church of Scientology*, 794 F.2d 38, 41 (2d Cir. 1986). The law of trademark infringement does not require that actual, present economic harm to the value of the trademark, *i.e.*, the goodwill which it symbolizes, must be demonstrated in order to obtain injunctive relief. *See Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633 (1st Cir. 1992).

The Fourth Circuit has committed a fundamental error in departing from the basic principle of trademark law that an evidentiary showing of a likelihood of economic harm, as distinguished from actual economic harm, is sufficient to warrant injunctive relief. The reason given by the Fourth Circuit for this departure is that the FTDA speaks in terms of "dilution" rather than "likelihood of dilution." However, as noted above, the absence of the wording

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[9] Although the *Champion* case was decided under the Federal Trademark Act of 1905, which is the predecessor of the current Act, it remains a leading decision regarding the right to recover under § 35. *Bandag, Inc.*, 750 F.2d at 917 n.14.

"likelihood of dilution" does not compel the Fourth Circuit's conclusion because a probability test is inherent in the statutory definition of dilution (*i.e.*, "lessening of the capacity of a famous mark to identify and distinguish . . . ."). *McCarthy on Trademarks and Unfair Competition, supra,* § 24:90 at 24-142 – 23-143. *See also*, Petition for Writ of Certiorari, pp. 20-23.

By mandating proof of actual economic harm to obtain an injunction against dilution, the Fourth Circuit makes it substantially more difficult to establish dilution than to establish infringement notwithstanding the fact that dilution does not require a showing of likelihood of confusion or a competitive relationship between the products in issue which are the hallmarks of infringement. This anomaly is clearly illustrated by *World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. P.J.M. 97-3558, 1999 U.S. Dist. LEXIS 6971 (D. Md. Apr. 26, 1999), the first reported decision to apply the Fourth Circuit's holding in *Ringling Bros*. In *World Gym Licensing*, the District Court enjoined the defendant's infringing use based on a finding of likelihood of confusion. In the context of the plaintiff's dilution claim, the plaintiff's mark was found to be famous and the marks in issue were sufficiently similar to evoke a mental association between them. However, the District Court denied relief for dilution because the plaintiff did not submit the "hard proof of actual economic harm that Ringling Brothers demands in support of this cause of action." 1999 U.S. Dist. LEXIS 6971, at *31. Thus, as illustrated by *World Gym*, the practical effect of the Fourth Circuit's decision is to provide less protection for an admittedly famous mark under the FTDA than is accorded to the same mark in a conventional claim for infringement. That result is fundamentally inconsistent with one of the key purposes of the FTDA which is to provide for greater, not less, protection for famous marks.

Both the Fourth Circuit and the District Court found that Respondent is an agency of the State of Utah.[10] However, Respondent has never asserted a claim of sovereign immunity under the Eleventh Amendment at any stage of this civil action and, indeed, such a claim may be waived. *Patsy v. Board of Regents of Fla.*, 457 U.S. 496 (1982).

Since the filing of the petition for certiorari in this matter, the Court has rendered three important decisions involving sovereign immunity under the Eleventh Amendment, two of which present questions of sovereign immunity from claims under federal intellectual property statutes. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, No. 98-149, 1999 U.S. LEXIS 4375 (U.S. June 23, 1999); *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, No. 98-531, 1999 U.S. LEXIS 4376 (U.S. June 23, 1999); *Alden v. Maine*, No. 98-436, 1999 U.S. LEXIS 4374 (U.S. June 23, 1999).

In the event that Respondent were now to assert a claim of sovereign immunity, the Court is urged to grant certiorari even if only for the limited purpose of vacating and remanding the Fourth Circuit's opinion for further consideration in light of these Eleventh Amendment decisions. Such action frequently is taken when recent decisions of the Court may affect the outcome of a civil action that is the subject of a pending petition for certiorari[11]

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10 170 F.3d at 451; *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F. Supp. 605, 610 (E.D. Va. 1997).

11 *E.g., New Mexico Dep't of Public Safety v. Whittington*, No. 98-1110, 1999 U.S. LEXIS 4424 (U.S. June 24, 1999); *Arizona Dep't of Education v. Jacoby*, No. 98-4, 1999 U.S. LEXIS 4420 (U.S. June 24, 1999).

and is particularly appropriate where, as in this instance, the lower court's decision undermines an important federal statute.

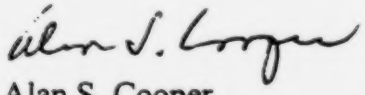
CONCLUSION

The amici curiae submit that certiorari should be granted so that the Court can correct a fundamental misinterpretation of the FTDA that effectively deprives the owners of famous trademarks of valuable protection against dilution. The grant of certiorari is warranted in this instance because the Fourth Circuit, an influential appellate court in the area of intellectual property law, has rendered an opinion erroneously interpreting an important new concept of federal trademark law that is likely to be given significant weight even beyond the Fourth Circuit.[12] For that reason alone, the Court should grant certiorari to correct this erroneous decision or, at a minimum, grant certiorari and vacate and remand *Ringling Bros.* for consideration of important Eleventh Amendment questions.

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[12] Indeed, the *Ringling Bros.* decision not only has been followed by one District Court in the Fourth Circuit, but has been adopted by a District Court in the Third Circuit as well. *World Gym Licensing, Ltd. v. Fitness World, Inc.*, *supra*; *American Cyanamid Co. v. Nutraceutical Corp.*, No. 97-2018, 1999 U.S. Dist. LEXIS 9156 (D.N.J. May 28, 1999).

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